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GAIN Report

Global Agricultural Information Network

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Bangladesh

Grain and Feed Update

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Report Highlights:

Marketing year (MY) 2013/2014 (May to April) rice production is projected to rise slightly to 34.6 million tons on higher yields due to good weather. For MY 2013/14, the wheat import estimate is unchanged at 3 million tons, and rice imports should fall to 220,000 tons on expectations of a more price competitive *Aman* crop.

Post:
Dhaka

Commodities:
Rice, Milled

Wheat

Executive Summary:

Marketing year (MY) 2013/2014 (May to April) rice production is projected to rise slightly to 34.6 million tons on higher yields due to good weather. The MY 2013/2014 (July to June) wheat production forecast remains unchanged at 1.26 million tons. MY 2013/14 wheat imports are unchanged at 3 million tons, and rice imports should fall to 220,000 tons on expectations of a more price competitive *Aman* crop. According to the Ministry of Food, as of the last week of December 2013 government rice (which include domestic and imported rice) and wheat stocks were 676,000 and 293,000 tons. Numerous *hartals* and blockades caused rice prices to rise.

Author Defined:

RICE

Production

Marketing year (MY) 2013/14 (May to April), total rice production is projected slightly higher to 34.59 million tons on better yields due to good weather. Although harvested last summer 2013, *Aus* rice production (planted in March/April and harvested in June/July) is revised down 90,000 tons to 2.41 million tons as yields were reportedly more adversely affected by flash floods in some northern districts. *Boro* rice production (planted in December/January and harvested in May/June) is revised up 280,000 tons to 18.78 million tons on higher than expected yields due to good weather. The forecast for *Aman* rice production (planted in July/August and harvested in November/December) is unchanged from the last quarterly report (see GAIN [BG3017](#)).

Table 1: Bangladesh Rice Area and Production Estimates

Name of Rice crops	2011/12 (Estimate)		2012/13 (Estimate)		2013/14 (Forecast)	
	Area*	Production**	Area*	Production**	Area*	Production**
<i>Boro</i>	4,750	18,600	4,750	18,760	4,700	18,780
<i>Aus</i>	1,120	2,300	1,150	2,160	1,170	2,410
<i>Aman</i>	5,850	12,800	5,750	12,900	5,900	13,400
Total Rice	11,720	33,700	11,650	33,820	11,770	34,590

*Thousand hectares; **Thousand metric tons

Imports

For MY 2013/2014 the import estimate is lowered slightly to 220,000 tons on expectations that the new *Aman* rice crop will be more price competitive than imported Indian rice (see Rice Prices section below). As of the last week of December 2013, the private sector imported 202,000 tons.

Stocks

The government of Bangladesh (GOB) procures and stocks grain for the Public Food Distribution System (PFDS). For MY 2013/14, the GOB has purchased 830,000 tons of *Boro* rice, which is 83 percent of the planned target. By February 2014, the GOB plans to buy 300,000 tons of *Aman* rice. The government has not procured *Aus* rice, and has purchased very small quantities of imported rice.

According to the Ministry of Food, as of the last week of December 2013 government rice stocks (which include domestic and imported rice) were 676,000 tons. Although there are no official data on private stocks (which could include stocks held by farmers, millers, and traders), industry contacts estimate private stock levels could be as high as 13 million tons.

Prices

Since late summer 2013, Bangladesh has experienced numerous strikes (*hartals*) and road blockades, which significantly worsened from October to December 2013. A *hartal* can turn violent and include the use of Molotov cocktails, beatings, and the destruction of vehicles and other personal property. These disturbances have slowed or obstructed food distribution channels, resulting in constrained supplies and higher food prices.

December 2013 wholesale and retail prices in Dhaka city rose 39.7 percent and 24 percent from the previous year (Figure 1), respectively. Even with no *additional* blockades or *hartals*, trucks and other vehicles may have been damaged. However, industry contacts believe that the *hartals* have only temporarily disrupted internal logistics, and have not created a long-term problem. If true, prices likely will ease when the *Aman* rice crop comes on the market.

Figure 1: Rice Prices in Dhaka Climb Due to *Hartals* and Blockades



Source: Ministry of Food

Policy

No updates. Please see GAIN [BG3017](#) for the current outlook.

WHEAT

Production

For MY 2013/14 (July to June), the wheat production forecast remains unchanged at 1.26 million tons.

Imports

For MY 2013/14, the wheat import estimate is unchanged at 3 million tons. According to official statistics, by the end of December 2013 imports were 1.18 million tons, of which 63 percent was imported by the private sector.

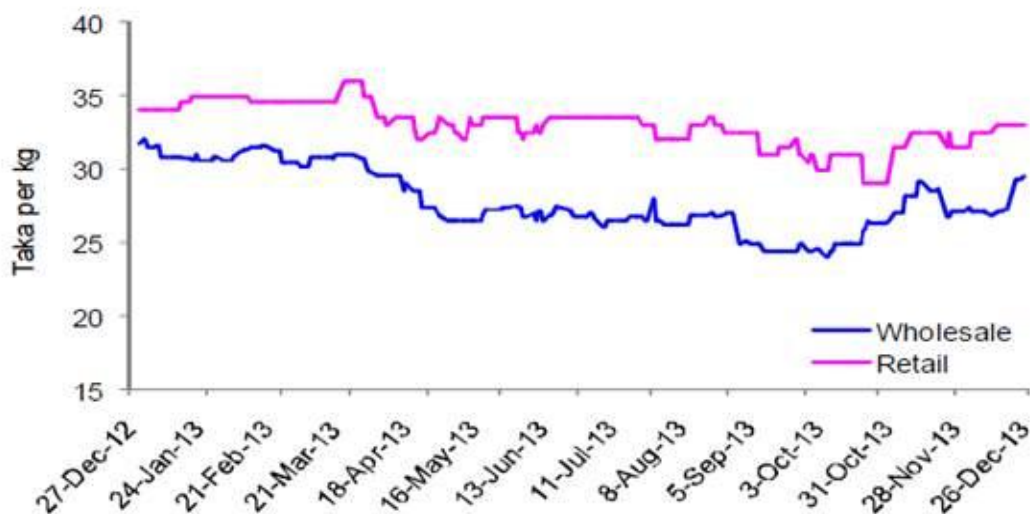
Stocks

As of the last week of December 2013, according to the Ministry of Food government wheat stocks are estimated at 293,000 tons. Although no official data exists for private stocks, industry contacts believe these stock levels are approximately 842,000 tons.

Prices

From September to December 2013, average wholesale and retail wheat flour prices in Dhaka rose 22.5 and 5 percent to BDT 30 (\$0.38) and BDT 33 (\$0.42) per kilogram (Figure 2). International wheat prices largely determine the domestic wheat flour price. However, higher transportation costs (due to recent *hartals* and blockades) may have also influenced wheat flour prices to rise (see Rice Prices section).

Figure 2: Wheat Flour Prices in Dhaka Remain Strong



Source: Ministry of Food

Policy

For fiscal year (FY) 2013/14 (July to June), the GOB plans to procure 150,000 tons of domestic wheat for the PFDS. Domestic and imported wheat purchases comprise 40 percent of the total PFDS, which is approximately 2.5 million tons (domestic rice covers the remaining 60 percent). Because imported wheat prices are usually higher than domestic rice prices, the government purchases more rice than wheat for the PFDS.